

SALMON RECOVERY FUNDING BOARD MINUTES

REGULAR MEETING

February 18, 2010 • Natural Resources Building Room 172 • Olympia, Washington

It is intended that this summary be used with the notebook provided in advance of the meeting.
A recording is retained by RCO as the formal record of meeting.

SALMON RECOVERY FUNDING BOARD MEMBERS PRESENT:

Steve Tharinger (Chair)	Clallam County
David Troutt	DuPont
Don "Bud" Hover	Okanogan County
Bob Nichols	Olympia (arrived at 10:15 a.m.)
Carol Smith	Designee, Conservation Commission
Scott Anderson	Designee, Department of Transportation
Craig Partridge	Designee, Department of Natural Resources

Meeting Called To Order

Chair Steve Tharinger opened the meeting at 9:08 a.m. He determined that the board met quorum, with three of the citizen members – David Troutt, Bud Hover, and Steve Tharinger – in attendance. Chair Tharinger announced that he received a letter from Governor Christine Gregoire reappointing him as the Chair of the Salmon Recovery Funding Board.

| Chair Tharinger presented the agenda. The board approved the agenda as presented.

Kaleen pointed out that revised minutes were distributed to the board with an update on page 8, correcting a missing "0" in one of the funding motions.

| Bud Hover moved to approve the December minutes as amended. David Trout seconded.
The board approved the December 10-11, 2009 minutes as amended.

Management and Partner Reports

MANAGEMENT STATUS REPORT

Kaleen Cottingham, RCO Director, noted that the Recreation and Conservation Office (RCO) had redesigned its website, and encouraged the board to visit the site. She highlighted a new tool on the RCO site called *Grant News You Can Use*, which is a resource to provide more information for sponsors. The board reviewed and approved a letter to Senator Murray thanking her for her efforts to secure funding and inviting her to be the keynote speaker at the 2011 project conference. The board also reviewed and approved a letter to King County regarding their proposed rules on engineered logjams. The letter to King County encouraged the county to balance recreational and ecological considerations.

Kaleen noted that the agency is preparing for the legislature's budget decisions. Once the budget is released, the board will need to discuss any potential cuts. However, the legislature is asking RCO to

look at unobligated funds and projects that will not be completed in this biennium. Chair Tharinger asked if the legislature is looking at funds that were awarded at the December funding meeting. Kaleen responded that the legislature asked RCO to report unobligated funds, including the 2010 grant round money (\$3.2 million SRFB and \$5.7 million PSAR) that is yet to be obligated by the Puget Sound Partnership. She noted that the RCO stressed that the funds were necessary to secure federal match.

Pacific Coast Salmon Recovery Funding (PCSRF) Grant Application: The current application strategy holds habitat grants constant to previous years, with two thirds of the funds allocated to habitat and one third to hatchery and harvest if additional funds are available. The application also assumes three percent for RCO administration, 10 percent for monitoring, and funds for PRISM. RCO's budget assumes that the state will get the same amount in this fiscal year as it did in the previous year.

Puget Sound Partnership Consortium: The Governor directed Kaleen and Puget Sound Partnership Director, David Dicks, to share back office functions, graphics, and web tasks. RCO will continue to manage grants, and the two agencies will share IT and web support.

Policy Report

Steve McLellan recommended that board members review the Conservation Tools report, which evaluates and compares different land preservation mechanisms. Steve also noted that Senator Jacobsen asked some questions about the status of the Veteran's Conservation Corps (VCC). RCO is still working with VCC's director to get a pilot study implemented this grant round in the Puget Sound. The pilot will provide a test for whether or not the VCC is a viable option moving forward. Chair Tharinger asked about the hurdles with the program, and Steve responded that finding a fit between projects, locations, and sponsors with veterans can be difficult.

Steve also noted RCO's effort to update the policy manuals to make them more accessible to sponsors and staff in the field.

PUBLIC COMMENT

Ralph Ferguson, Camano Island, Juniper Beach: Mr. Ferguson presented the board with documents expressing his concerns regarding the removal of dikes on Leque Island. He stated that the Department of Fish and Wildlife (DFW) is working on a project to breach dikes on Leque Island that may contaminate Camano Island's drinking water supply. The Department of Fish and Wildlife indicated that the department did not wish to contaminate the water and proposed a study to ensure that the water was not contamination of Camano Island's sole source water supplies. Mr. Ferguson provided a compilation of communication between Island County, Snohomish County, and DFW for the board. He asked that the Salmon Recovery Funding Board set up confirmation of compliance and resolution of permits before monies are released.

Chair Tharinger noted that Sara LaBorde, DFW's representative, was absent. Chair Tharinger noted that he assumed that the issues were addressed in the local process. He asked Mr. Ferguson about evidence of saltwater intrusion and for historical evidence of intrusion in this location. Mr. Ferguson responded that he has worked with a number of county, state, and federal agencies to evaluate and assess the capacity aquifers on Island County. Mr. Ferguson explained that the well field needed to be relocated to maintain the freshwater aquifer.

Bud Hover asked how long the dike was in place and if there was data related to the aquifer prior to the dike being constructed. Mr. Ferguson responded that Leque Island was farmed since the late 1800s, and there were not any dikes in place.

Bud Hover asked if DFW was willing to do the groundwater study. RCO grant manager Kay Caromile responded that she has spoken with DFW and they had Ducks Unlimited conduct a groundwater study in December 2009. The study showed no impact to the water system.

Mr. Ferguson responded that the information that was included in the Ducks Unlimited study was not thorough and did not address the anti-degradation criteria that concerned him. He wrote a letter in December 2009, and is waiting for a response from the DFW Director.

Chair Tharinger noted that the board cannot make a decision because they do not have all of the data, and the DFW representative is absent. Kay added that Snohomish County is going through the local process for permitting, instead of the streamlined permitting process. She encouraged Mr. Ferguson to express his concerns at the local level.

David Troutt suggested that the board might want to see if there is a way to facilitate a better understanding of the review process. He also asked if Mr. Ferguson is convinced that this project will cause water contamination. Mr. Ferguson stated that his purpose of his comments was to encourage the board to set up the criteria so that this situation does not happen again.

Chair Tharinger explained that the board does not want to move a project forward that would impact the Camano Island water supply, but Mr. Ferguson's concerns were acknowledged and staff is aware of the issue.

SALMON RECOVERY MANAGEMENT REPORTS

Governor's Salmon Recovery Office

Phil Miller highlighted the following announcements and information from his report:

- Miles Batchelder was appointed in December 2010 as the Executive Director of the Washington Coast Sustainable Salmon Partnership
- GSRO is beginning work on the 2010 State of the Salmon Report
- They have completed the 2009 Regional Salmon Recovery Organization Performance Review and a resulting report, which summarized the status of work by the regional organization, including recent accomplishments, challenges, or delays in key milestones, and status of key milestones in the coming year.
- GSRO is working on guidance for annual regional fund reports. The intent is to get information on salmon infrastructure funding within each of the regions. Each region is being asked to submit operations funding information for the regional organization, lead entity, and watershed planning units in their area. Chair Tharinger noted that the board requested this report to see where the board's funding for regional organizations and lead entities fits into salmon recovery across the state.

Manual 19, the lead entity and regional organizations guidance manual, is being revised with the same timeline as Manual 18. The expected release date for the manual is March.

Kaleen added that Phil is recruiting to fill a position that will be involved with the data portion of the State of the Salmon report, and will soon be hiring a contractor to help address funding gap issues. Phil noted that interviews for the vacant position will be held next week. Bud Hover responded that filling the GSRO position will give the board a better idea of what needs to be addressed in regards to funding and recovery plan implementation.

Chair Tharinger noted that he hopes the State of the Salmon is not just a funding story, but an execution of the plan story.

Grant Management – Brian Abbott

Brian stated that grants staff are working on getting projects under agreement. There are currently 73 agreements out for signature, and there are 19 fully executed agreements and projects are underway. The office is focusing on PRISM updates to include Pacific Coast Salmon Recovery Fund metrics. The target date for releasing updates is March 14, 2010.

Tara Galuska and Jason Lundgren, Salmon Outdoor Grant Mangers gave project presentations. Tara presented Snyder Cove. Jason presented Sam's River Decommissioning Forest Service Road 2180, sponsored by the Quinault Nation. Jason and Tara also presented Family Forest Fish Passage Program (FFFPP) projects.

The chair asked Jason Lundgren to explain the differences between Salmon Recovery Board projects and those funded by the Family Forest Fish Passage Program. Jason explained that FFFPP works with Washington Department of Natural Resources and Washington Department of Fish and Wildlife to encourage small forest landowners to improve fish passage on their property. Funds for FFFPP are distributed across the state, finding the best projects in each county or watershed as opposed to a funding allocation. Craig Partridge added that the program provides small forest landowners the ability to help with Road Maintenance and Abandonment requirements.

REPORTS FROM PARTNERS

Council of Regions Report

Jeff Breckel presented the Council of Regions (COR) Report. Jeff noted that COR was involved in the Manual 18 updates. The regions are pleased with updates providing more project review time, the option to move projects further down on the alternate on the funding list, a streamlined review process with the Technical Review Panel, increasing the number of application materials required for an early site visit, and the increased flexibility in funding construction materials.

Lead Entity Advisory Group Report

Richard Brocksmith provided the board with notes from the recent LEAG meeting and mentioned an upcoming training event that will include discussions about the Habitat Work Schedule, restoration techniques, education and outreach, implementation reporting to identify how close lead entities are achieving to goals, and ways to improve.

Lead entities provided input on recent updates to Manual 18. In addition, LEAG would like to see the following changes to the manual:

- Begin to institutionalize the Habitat Work Schedule into Manual 18
- Continue to reduce the amount of duplication in the review application process
- Incentivize monitoring

AGENCY UPDATES

Conservation Commission, Carol Smith: They are working with 47 districts to develop their budget for the next biennium. Districts look at their five-year strategic plan to align the biennial budget. This biennium, the Commission is working close with the Natural Resources Conservation Service (NRCS). Conservation Districts also will be asked to provide more detail about future projects. The project information will be shared with NRCS to help leverage federal funding on the future projects.

Department of Transportation, Scott Anderson: 2010 is going into one of the biggest construction seasons. There are ten stand-alone fish passage projects costing about \$20 million. DOT is forming a partnership with Kitsap County, the Suquamish Tribe, and the Navy for future work on a reach-wide project on Chico Creek. There are three fish barriers in the projects: a county road, a city road, and State Route 3 over Chico Creek. The estimated DOT contribution for fish passage will be about \$30 million. Chair Tharinger noted that in Clallam County, DOT has done a good job of being strategic with their wetland mitigation dollars.

Department of Ecology, Melissa Gildersleeve: The Water Quality Programs just finished executing grants for restoration funding from the Recovery Act. Since Ecology has the contracts executed, Washington is eligible for more funds from states that did not spend their money.

Department of Natural Resources, Craig Partridge: They are concluding the 5-year strategic planning effort, which included two rounds of public comment. The plan will be released at the end of March.

Other Board Business

LEGISLATIVE UPDATE

Rachael Langen presented the agency's updated budget numbers. RCO was asked to do a 10 percent exercise and a 20 percent budget reduction exercise, and Rachael discussed the potential effects of both exercises. Rachael also mentioned that the Governor had released her revenue package, totaling \$605 million.

Kaleen noted that the board would need to make decisions about implementing the budget. She noted that the board would need to decide on the location of the May meeting, based on the cost of travel and potential restrictions. The board could delegate authority to her or hold a special meeting. Bud Hover noted that he is comfortable delegating to Kaleen so long as she is consulting the people who are impacted. Bob Nichols agreed with Bud. David Troutt stated he would like to be involved in a conference call for the entire board to discuss prior to making a decision.

Chair Tharinger stated that it would depend on the budget, but noted that it is valuable for the board to connect with local constituents and efforts. Kaleen responded that the RCO hopes to know the budget situation by March 11, 2010. Chair Tharinger suggested that RCO staff send the board a memo with final budget impacts, and then he will decide whether to call a second meeting.

Kaleen mentioned that in September, RCO approached the Puget Sound Partnership about the unobligated PSAR funds. There was some discussion changing the contracts from design-only to fully obligate them with conditions, but they opted not to take that approach. The Partnership recently suggested taking that approach, but Kaleen decided not to do that, given the timing.

Joe Ryan, Salmon Program Manager at the Puget Sound Partnership, added that in December 2007, the board decided that there was a possibility for a rolling grant round. RCO and PSP institutionalized the PSAR grant round. Kaleen added that RCO is receiving messages from legislative staff that salmon funding is less at risk because of the federal match.

Steve McLellan highlighted a few bills that are still being discussed at the legislature, including agency mergers, agricultural bills, forest practices incentives, natural resources reform, and state agency cutbacks. Kaleen added that RCO had two boards were originally slated to be cut. The Lower Columbia was in a previous version of a bill to be eliminated, however it looks like that version will not go through.

BOARD TOUR

Rebecca Connolly reminded the board about the Nisqually Tour on Friday. Currently there are two board members attending. The public is welcome to attend.

PROPOSED CHANGES TO MANUAL 18 FOR 2010 GRANT CYCLE

Brian Abbott presented updates to Manual 18, including formatting, administrative, policy and process changes. Brian reviewed the process staff has taken to involve stakeholders, namely lead entities.

Chair Tharinger asked if moving up the deadline gave more time for the review panel. Brian explained that although the application deadline is a week earlier, it gives sponsors and lead entities time to respond to comments about the application materials. Most lead entities are embracing the earlier deadline.

Brian noted that new guidelines for using Habitat Work Schedule will help make better use of the information and help the Review Panel evaluations. The guidelines are a short-term solution until HWS and PRISM can interface and share data. Craig Partridge asked how much of the process is keeping tracking of the information flow within a grant round versus keeping track of project information over time within a watershed. Brian responded that Habitat Work Schedule (HWS) provides the opportunity to look at a watershed level progress.

Richard Brocksmith suggested a pilot project to fund effectiveness monitoring by making it eligible as match. He stated that there would be no cost, and that monitoring would be conducted by citizen scientist volunteers. He suggested that the program could be implemented as a one year demonstration to gather information on lead entities and sponsors helped with monitoring.

Carol Smith recommended waiting until the results of the effectiveness monitoring study are completed. She also noted that there is a cost because effectiveness monitoring would be substituted match and the costs would deduct from projects funds.

David Troutt added that the board struggles with making a difference at a reach scale. He feels it is worth considering, because there is a value to knowing the difference at a project by project.

Craig Partridge asked Richard if he believes that allowing citizen monitoring to count as match would improve an effort that is currently happening, or if it would create new monitoring efforts. Richard responded that the "pilot" would be an incentive to promote monitoring.

Chair Tharinger questioned the variety in quality of the monitoring. He stated that the approach has value, but it needs quite a bit of work before the board awards funds for it. He encouraged the lead entities and regions to work out some of the issues this year.

Ken Dzinbal, Forum on Monitoring added that the board has heard enthusiasm for a long time about effectiveness monitoring, but noted that quality needs to be maintained. Ken stated that detail is important in monitoring. Ken did not advocate for adding the proposal to Manual 18 today, but thinks the conversation merits more detail, and offered to work with LEAG on designing the pilot.

Chair Tharinger asked about the immediacy of this issue. Richard responded that to add it to the manual would benefit addressing this issue this year, rather than waiting another year.

In response to questions from board members, Brian provided the following information about policies in the manual:

- The definition of "private landowner" is included to distinguish that a private business is not an eligible sponsor according to the RCW.
- A National Fish and Wildlife Fund (NFWF) grant cannot be used as match for a SRFB project if the NFWF grant was funded by the SRFB. The funds can be used together on a project.
- The language allowing attorney fees as an eligible cost is new. It provides an ability for smaller organizations to access the resources they need for complicated issues.
- Liability insurance also is now an eligible cost for restoration contracts during the agreement period.

Public Comment

Joe Ryan, Puget Sound Partnership referred to a letter from David Dicks asking that the board reconsider the policy it adopted in December for certification that projects are not in conflict with the Action Agenda. They would prefer to have the Partnership certify the projects when they submit the list. The Partnership suggested the following language (paragraph three of the letter dated 2/11/2010):

The Puget Sound Partnership will certify whether projects submitted in Puget Sound for SRFB or PSAR funding are consistent with and not in conflict with the Action Agenda. The Partnership will include a certification letter when submitting the Puget Sound regional package to RCO.

Kaleen noted that projects that receive funding from both the RCFB and SRFB would have to go through two different processes if this change is made.

Chair Tharinger suggested approving the manual as amended to include that Puget Sound lead entities not self certify for SRFB projects. Brian agreed this would work.

Bud Hover MOVED to approve Manual 18 as presented including proposed language in paragraph three in the letter from Puget Sound Partnership, dated 2/11/2020 from David Dicks. David Troutt seconded.

Motion APPROVED. (Bob Nichols absent for this vote)

Brian asked the board to approve the staff's recommendation of \$18 million preliminary funding level, and finalize at the May meeting when more information is known.

Bud Hover MOVED to approve the preliminary funding target of \$18 million in grant award for the Salmon Habitat and Restoration projects to be awarded December 2010 according to the established regional allocation formula. David Troutt seconded.

Motion APPROVED. (Bob Nichols absent for this vote)

CONVERSION REQUEST FOR PROJECT #01-1264A, BARKER CREEK CORRIDOR ACQUISITION

Scott Robinson, Conservation and Grants Services Manager, gave an overview on conversions and compliance issues. Scott explained that compliance represents RCO's commitment to the public, operating similar to stewardship of the grant process and money. Considering the thousands of projects that have been funded by RCO, compliance is an important piece of ensuring the integrity of the grants.

Scott explained aspects of grant compliance with the board, noting when projects that are out of compliance lead to conversions. He explained that a conversion occurs when an essential use, function, or management of the site has been changed from what was intended in the grant. He then explained the sponsor's contractual obligations as well as the board's options and responsibilities.

Tara Galuska, Grant Manager presented the conversion request for the board to consider. Tara noted that the replacement property was a higher priority piece of property than the originally purchased property. The original grant proposal targeted both properties, they were vetted through the local process, and the properties are contiguous.

David Troutt asked about the property line. Martha Droge, Kitsap County Department of Parks & Recreation responded that the parcels were split before purchase, so a boundary adjustment is not necessary. The county and the landowner would essentially exchange the properties. David asked about a conservation easement. Tara stated that the landowner may be open to this in the future.

Bud Hover MOVED to approve the conversion request and the proposed replacement property for the Barker Creek Corridor Acquisition project as presented to the board. David Troutt seconded.

Motion APPROVED.

CONTRACT FOR NEARSHORE MONITORING

Ken Dzinbal noted that the board has reserved, but not awarded, \$50,000 to implement a nearshore monitoring element. The board has heard several presentations over the past year from the Estuary and Salmon Recovery Program about the proposal. The ESRP is now negotiating a contract with The Nature Conservancy to develop a River Delta Tidal Wetlands Rapid Assessment Protocol. Ken explained that they hope to begin work in the field by as soon as possible.

Bud Hover MOVED to authorize the director to approve up to \$50,000 for the nearshore monitoring contract with The Nature Conservancy. Bob Nichols seconded.

Motion APPROVED.

SCOPE AND DATA NEEDS FOR 2010 STATE OF THE SALMON REPORT

Steve Leider announced that the Governor's Salmon Recovery Office has started the State of the Salmon (SOS) report. This will be the first State of the Salmon report under the Recreation and Conservation Office, and it will be combined with the biennial RCO salmon report. The report is due in December, and staff will be working through the summer to refine the data.

He noted that based on feedback, the 2010 report will place less emphasis on actions and provide more up-front information about how fish and watershed health are doing. Ultimately, it would include some information online with links so that users can drill down into the detail. An executive summary will be included.

The report also will point out the data gaps and "threats." The "threats" category is intended to illustrate issues that salmon recovery continues to confront, such as climate change and population growth. Hatchery reform also will be addressed in the new report.

Chair Tharinger noted that the GSRO should focus on the alignment between the State of the Salmon report and other high-level reports, how to crosswalk and achieve consistency in data collection, and whether or not the indicators are the same across reports.

Bob Nichols noted a concern that the data sometimes doesn't match the story we are telling. Steve Leider responded that sometimes the reason for data being collected is different from this reporting need, and that can create issues. Another concern is the need to roll-up data which can mask variations in underlying information some people may want to see. Bob noted that when data is rolled up, there is a need to stay true to the data instead of allowing the story to dictate the data. Kaleen added that the board needs more than just the data and need to be walked through the story to accompany the data.

Chair Tharinger asked if data gaps are an issue when writing the report. Steve Leider responded that he expects considerable data gaps, but that we more clearly define them so that we are better able to show what we need to that we can answer the high level questions. This means that as we shift toward more emphasis on environmental trends, it will take time before data are in hand to show those trends.

David suggested greater specificity about threats – such as areas where we are losing habitat and what the obstacles are to overcoming the threats. Steve Leider asked if the Forum's status and trend framework and indicators like changes in land use/land cover, and impervious surfaces would respond to that concern, or at least highlight where problems exist for the readers of this report. David said it needs to relate to salmon habitat needs.

Board members discussed the need to strike a balance between giving too much information and doing so much roll-up that the detail is lost.

Steve Leider suggested that the report could address threats at a regional level, and note the statewide implications. GSRO will use the board's input on the levels of detail for the report.

FRAMEWORK FOR 2010 DISCUSSION OF STRATEGIC PLAN ISSUES

Chair Tharinger gave some background on the topic by highlighting guidance to him as part of his reappointment as SRFB chair for priorities for the coming year:

- Increasing coordination and efficiency – consider a funding cap for infrastructure and/or competitive grant process for operational grants.
- Increase transparency and accountability to determine if investments targeted to highest and best uses. Consider performance management contracts for infrastructure and ensure that projects are meeting goals.
- Evaluate the ongoing role of board.

Steve McLellan presented the policy proposal for eight areas of focus in 2010. He described how they linked to the board's strategic plan, legislative directives, the Governor's instructions, stakeholder input, and other drivers. Staff is proposing periodic reports and briefings, with policy proposals as needed. He asked the board for direction on whether this captures what they would like staff to do.

Board members discussed the proposal and made the following requests to staff:

- Develop a crosswalk to explain the intersect between the proposal and the key actions in the strategic plan
- Evaluate the effectiveness monitoring proposal from the lead entities.
- Keep the evaluation of a competitive grant process for operational funds as a high-level analysis, and consider whether the intent could be met through performance-based contracts.
- Look at the relationship of review panels for greater efficiency.
- If staff considers changes to the grant round timing or process, ensure that they are high-leverage. The existing process and schedule have worked well so far.

The board also discussed natural resource reforms, including performance management. Bob noted that the board is doing its due diligence in reviewing efficiencies and effectiveness. Kaleen stated that some of the board's high-level indicators might become performance measures for the Natural Resources GMAP.

CLOSING COMMENTS

The board will determine whether to have a special board meeting, and whether to travel to Bellingham for the next meeting.

Meeting adjourned at 4:12 p.m.

Approved by:

Steve Tharinger, Chair

Date